

FY 2026 NEW YORK STATE EXECUTIVE BUDGET

**EDUCATION, LABOR AND FAMILY ASSISTANCE
ARTICLE VII LEGISLATION**

MEMORANDUM IN SUPPORT

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CONTENTS

PART	DESCRIPTION	STARTING PAGE NUMBER
A	School Aid	4
B	Universal Free School Meals	5
C	Prohibit Use of Internet-Enabled Devices During the School Day	7
D	Streamline Part Time Financial Aid Programs	8
E	Streamline Excelsior Scholarship Payments	9
F	New York Opportunity Promise Scholarship for Community College	10
G	Combat Home Appraisal Discrimination	11
H	Ban Collusion Through the Use of Algorithm-Enabled Rent Price Fixing	11
I	Grant Rent-Regulated Tenants the Same Security Deposit Protections as Market	12
J	Equip Communities to Acquire Abandoned Properties	13
K	Create Affordable Homebuyer Tax Exemption	13
L	Reduce Shelter Rent Taxes for Mitchell-Lama Residents	14
M	Expand Availability of Redevelopment Inhibited Property Exemption	15
N	Authorize Mortgage Insurance Fund Utilization	16

PART	DESCRIPTION	STARTING PAGE NUMBER
O	Permanently Extend Committee on Special Education Financing Structure	17
P	Establish a Child Care Substitute Pool	18
Q	Establish the Birth Allowance for Beginning Year (BABY) Benefit	18
R	Authorize the Pass-Through of any Federal Supplemental Security Income Cost of Living Adjustment	19
S	Extend Temporary Operator Authorization for Emergency Shelters	20
T	Amend the Healthy Terminals Act	20
U	Limit Liquidated Damages in Certain Frequency of Pay Violations	21
V	Expand DOL Enforcement Power for Wage Theft	22
W	Rationalize Child Labor Penalties	23
X	Digitize Youth Working Papers	24
Y	Expand Eligibility for Gold Star Annuity	25
Z	Reform the Human Rights Complaint Process	25
AA	State Museum Operations Report	26

MEMORANDUM IN SUPPORT

A BUDGET BILL submitted by the Governor in
Accordance with Article VII of the Constitution

AN ACT to amend the education law, in relation to contracts for excellence; to amend the education law, in relation to foundation aid; to amend the education law, in relation to the establishment of a statewide dual enrollment policy; to amend the education law, in relation to allowable transportation expenses; to amend the education law, in relation to universal pre-kindergarten and the Statewide universal full-day pre-kindergarten program; to amend the education law, in relation to state aid adjustments; to amend the education law, in relation to the apportionment of moneys for school aid; to amend chapter 756 of the laws of 1992 relating to funding a program for work force education conducted by the consortium for worker education in New York city, in relation to reimbursement for the 2025-2026 school year withholding a portion of employment preparation education aid and in relation to the effectiveness thereof; to amend the education law, in relation to maximum class sizes for special classes for certain students with disabilities; to amend chapter 82 of the laws of 1995 amending the education law and other laws relating to state aid to school districts and the appropriation of funds for the support of government, in relation to the effectiveness thereof; providing for special apportionment for salary expenses; providing for special apportionment for public pension accruals; providing for set-asides from the state funds which certain districts are receiving from the total foundation aid; providing for support of public libraries; and to repeal certain provisions

of the education law relating to calculation of school aid (Part A); to amend the education law, in relation to establishing a universal free school meals program; and to repeal section 925 of the education law relating to the community eligibility provision state subsidy (Part B); to amend the education law, in relation to student use of internet-enabled devices during the school day (Part C); to amend the education law in relation to scholarships awarded to part-time students by the New York state higher education services corporation; to amend the education law, in relation to making conforming changes; to repeal section 666 of the education law, relating to tuition awards for part-time undergraduate students; and to repeal section 667-c-1 of the education law relating to the New York state part-time scholarship award program (Part D); to amend the education law, in relation to excelsior scholarship awarded to students by the New York state higher education services corporation (Part E); to amend the education law, in relation to creating a New York opportunity promise scholarship (Part F); to amend the executive law and the state finance law, in relation to discriminatory practices by real estate appraisers and further fair housing compliance (Part G); to amend the general business law, in relation to prohibiting collusion through the use of algorithmic devices that enable landlords to unfairly artificially inflate rents or hold units vacant (Part H); to amend the general obligations law, in relation to extending existing security deposit protections to rent regulated tenants (Part I); to amend the real property actions and proceedings law, in relation to determining when a dwelling is abandoned (Part J); to amend the real property tax law, in relation to a tax exemption for residential real property transferred to a low-income household or

community land trust (Part K); to amend the private housing finance law, in relation to reduction of taxes pursuant to shelter rent (Part L); to amend the real property tax law, in relation to the applicability of the residential redevelopment inhibited property exemption to all localities in the state (Part M); to utilize reserves in the mortgage insurance fund for various housing purposes (Part N); to amend part N of chapter 56 of the laws of 2020, amending the social services law relating to restructuring financing for residential school placements, in relation to the effectiveness thereof (Part O); to amend the social services law, in relation to certification of child care support centers to place substitute caregivers in licensed and registered child care programs (Part P); to amend the social services law, in relation to improving maternal and infancy health by increasing public assistance allowances to certain persons (Part Q); to amend the social services law, in relation to increasing the standards of monthly need for aged, blind and disabled persons living in the community (Part R); to amend part W of chapter 54 of the laws of 2016 amending the social services law relating to the powers and duties of the commissioner of social services relating to the appointment of a temporary operator, in relation to the effectiveness thereof (Part S); to amend the labor law, in relation to revising the healthy terminals act (Part T); to amend the labor law, in relation to limiting liquidated damages in certain frequency of pay violations (Part U); to amend the labor law, in relation to civil penalties for violations of certain provisions for the payment of wages (Part V); to amend the labor law and the penal law, in relation to the civil and criminal penalties for violations of child labor laws (Part W); to amend the labor law and the education

law, in relation to digitizing the process by which minors apply for employment certificates or working papers; and to repeal certain provisions of the labor law relating thereto (Part X); to amend the veterans' services law, in relation to annuity to be paid to parents, spouses, and minor children of service members who died while on active duty (Part Y); to amend the executive law, in relation to the requirements for filing a complaint with the division of human rights; and to amend the state finance law, in relation to establishing a discrimination complaints escrow fund (Part Z); and to require the submission of an annual report on the New York state museum (Part AA)

PURPOSE:

This bill contains provisions needed to implement the Education, Labor and Family Assistance portions of the FY 2026 Executive Budget.

This memorandum describes Parts A through AA of the bill which are described wholly within the parts listed below.

Part A – School Aid

Purpose:

This bill would amend the Education Law to make various changes necessary to authorize School Aid and implement the education portion of the FY 2026 Executive Budget.

Summary of Provisions and Statement in Support:

- **\$37.4 Billion in Support to School Districts.** The FY 2026 Executive Budget provides \$37.4 billion in total School Aid for the 2025-26 school year (SY 2026), the highest level of School Aid in the State's history. This investment represents a \$1.7 billion (4.7 percent) year-to-year increase, including a \$1.5 billion (5.9 percent) Foundation Aid increase and a \$230 million (2.1 percent) increase in all

other School Aid programs, including expense-based aids, categorical aids, and competitive grants.

- **Foundation Aid.** The FY 2026 Executive Budget provides \$26.4 billion of Foundation Aid, a \$1.5 billion (5.9 percent) increase, and begins the process of reforming the Foundation Aid formula by updating the formula's two measures of the percentage of low-income students in a school district, consistent with the recommendations of the Rockefeller Institute of Government and the Board of Regents. The outdated 2000 Census poverty rate is replaced with the most recent three years of Census Small Area Income and Poverty Estimates (SAIPE) data, while the unreliable free and reduced-price lunch data is replaced with economically disadvantaged data to better reflect the current population of low-income students. The Executive Budget also modifies the formula to provide additional aid to low-wealth school districts by increasing the Foundation Aid State Sharing Ratio (FASSR) ceiling from 0.91 to 0.93 and amending the FASSR "tier two" calculation. Moreover, the Executive Budget ensures that each district receives at least a 2 percent annual increase in aid.
- **Dual Enrollment Policy.** The Executive Budget requires the Commissioner of the State Education Department to adopt a statewide policy for dual enrollment programs, under which schools and partnering institutions of higher education provide high school students with the opportunity to earn college credits. The dual enrollment policy will provide guidelines for participation and data reporting.
- **Transportation after 4pm.** The FY 2026 Executive Budget proposes to allow the New York City Transportation after 4pm aid cap, currently capped at \$39.4 million, to grow annually based on the Consumer Price Index (CPI) beginning in SY 2026. This will increase the aid cap by \$1.1 million in SY 2026.
- **Other Miscellaneous Provisions.** The FY 2026 Executive Budget also recommends a number of other provisions, including extending existing provisions of state law that would otherwise expire.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget.

Effective Date:

This bill would take effect immediately, and shall be deemed to have been in full force and effect on April 1, 2025, except that select provisions take effect on other specified dates.

Part B – Universal Free School Meals

Purpose:

This bill would establish a Universal Free School Meals program, enabling all New York State students to eat school breakfast and lunch at no charge regardless of income or the school they attend beginning in the 2025-26 school year.

Summary of Provisions and Statement in Support:

This bill would require all school districts, charter schools and non-public schools in the State that participate in the national school lunch and breakfast program to provide free breakfast and lunch meals to all students regardless of their families' income, thereby reducing costs for families and ensuring that no student goes hungry at school. Under this program, the State will pay the student's share of costs for all meals served to students not already receiving free meals.

This proposal builds upon the Community Eligibility Provision (CEP) subsidy program adopted in the FY 2024 Enacted Budget. The CEP subsidy program provides state funds to incentivize qualifying low-income schools to participate in the federal CEP program, which enables all students in such schools to eat breakfast and lunch at no charge regardless of their family's income, by subsidizing any remaining local share of costs for all schools participating in such program. Through the CEP subsidy program, approximately 4,300 or 86 percent of the State's 5,000 schools providing meals currently participate in the CEP program, and 2.47 million or 90 percent of New York State's 2.75 million students currently receive free meals.

Under this bill, the State would continue to subsidize the local share of costs for all schools participating in the CEP program and would also pay any student share of costs for meals served in schools that are not eligible to participate in the CEP program based on current federal rules, thus enabling the remaining 280,000 or 10 percent of students in New York State who are not already receiving free meals to eat for free.

Specifically, this bill would make the following changes:

- Require all school districts, charter schools and non-public schools that participate in the national school lunch and breakfast program to provide free breakfast and lunch meals to all students at no cost.
- Require all such schools to maximize federal reimbursement by participating in federal programs (e.g., CEP) and taking actions that, in the opinion of the State Education Department (SED), maximize federal reimbursement for school meals.
- Require the State to pay schools any difference between the combined state and federal reimbursement rates for a paid or reduced-price meal for the current year and the combined state and federal reimbursement rates for a free meal for the current year for each breakfast and lunch meal served.

- Require SED, in consultation with the Office of Temporary and Disability Assistance (OTDA), to establish rules and regulations needed for schools to promote the Supplemental Nutrition Assistance Program (SNAP) in order to maximize the number of students directly certified for free school meals.
- Require SED to provide technical assistance to all schools to transition to Universal Free School Meals, including maximizing school participation in the CEP program and other federal programs in order to maximize federal reimbursement for school meals.
- Require schools to conduct direct certification matching three times annually to identify students eligible for free meals and, for non-CEP schools, to collect applications annually for free and reduced-price meals.
- Repeal § 925 of Education Law, the State's CEP subsidy program, which is replaced by this bill.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget, which includes a \$340 million appropriation to support the State's estimated costs of providing Universal Free School Meals for the 2025-26 school year.

Effective Date:

This bill would take effect July 1, 2025.

Part C – Prohibit Use of Internet-Enabled Devices During the School Day

Purpose:

This bill would require school districts, charter schools, and boards of cooperative educational services to adopt policies prohibiting the use of internet-enabled devices during the school day.

Summary of Provisions and Statement in Support:

The addictive features of smartphones and other internet-enabled devices can have detrimental impacts on youth mental health and on learning environments for students and teachers in New York's schools. This bill will ensure that students can focus on learning and engaging with their peers while in our schools.

This bill would create a new school safety provision requiring all school districts, charter schools, and boards of cooperative educational services (BOCES) to adopt policies

prohibiting the use of smartphones and other internet-enabled devices during the school day by August 1, 2025.

The bill would allow for districts and BOCES to authorize exemptions for educational, medical, translation, emergency, and special education uses of internet-enabled devices.

It would also require school policies to provide parents with a method to contact students when necessary and would require schools to provide on-site storage options for devices.

Additionally, the bill would require that schools annually publicly report enforcement data, including any demographic disparities.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget, which includes \$13.5 million of additional funding to help support schools' implementation of the policies required by the bill.

Effective Date:

This bill shall take effect immediately.

Part D – Streamline Part Time Financial Aid Programs

Purpose:

This bill would streamline the three existing state financial aid programs for part-time students and expand eligibility for the part-time TAP program to students taking a minimum of three credits, down from six.

Summary of Provisions and Statement in Support:

This bill would repeal section 666 of the Education Law, which contains the Aid for Part-Time Study (APTS) program.

Additionally, this bill would repeal section 667-c-1 of the Education Law, which contains the Part-Time Scholarship (PTS) program.

The bill would amend section 667-c of the Education Law, which contains the Part-Time Tuition Assistance Program (PT-TAP), by eliminating restrictions limiting the program to students first attending college after 2006, as well as reducing the number of credits per semester in which recipients must be enrolled from six to three.

Under this proposal, traditional PT-TAP eligibility would be expanded to students taking between three and eleven credits per semester, and the State's three similar part-time scholarship programs would be consolidated into one universal program.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget, which includes \$1.2 million of additional funding to streamline the three existing financial aid programs for part-time students. This bill will simplify the experience for part-time students applying for state financial aid.

Effective Date:

This bill shall take effect immediately and be applicable in the 2025-26 academic year and thereafter.

Part E – Streamline Excelsior Scholarship Payments

Purpose:

This bill would combine the Excelsior Scholarship award and the Excelsior Tuition Credit payments, simplifying administration of the Excelsior Scholarship program for HESC and students.

Summary of Provisions and Statement in Support:

This bill would amend section 669-h of the Education Law, which contains the Excelsior Scholarship program, to increase the maximum award amount from HESC to be equal to resident undergraduate tuition at a state-operated State University of New York (SUNY) campus and eliminate the provision that SUNY and City University of New York (CUNY) schools provide tuition credits to students to cover excess tuition liability. The provisions would be applicable to the 2025-2026 academic year and subsequent years.

Under current law, students in the program can receive a maximum Excelsior Scholarship award of \$5,500 per academic year. This is less than SUNY tuition, which is currently \$7,070 per year for students at a four-year college. Students receiving Excelsior scholarships who rely on Excelsior to cover the full cost of their tuition have the difference between their HESC Excelsior award credited to their student account as a separate aid payment and borne by the colleges in the first instance. The State then reimburses SUNY and CUNY. Under this proposal, instead of a student's Excelsior award being paid through a two-step calculation, there would be only one Excelsior award payment made through HESC's Excelsior appropriation.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget. This bill is Financial Plan-neutral and will relieve redundant payment processes on the agency and campuses. This change would therefore expedite award payments to students and

eliminate confusion amongst students when reviewing their financial aid award packages.

Effective Date:

This bill shall take effect immediately and shall be applicable to academic years 2025 2026 and thereafter.

Part F – New York Opportunity Promise Scholarship for Community College

Purpose:

This bill would create the New York Opportunity Promise Scholarship program at SUNY and CUNY community colleges, which will provide grants for tuition, fees, books, and supplies for students between the ages of 25 and 55, pursuing an associate's degree in certain high-demand fields such as nursing, engineering, and advanced manufacturing.

Summary of Provisions and Statement in Support:

Starting in the 2025-26 academic year, students would be eligible for the Opportunity Promise scholarship at a SUNY or CUNY community college if they meet all eligibility requirements including age, residency, enrollment in an associate's degree program, and continued academic performance in a designated high-demand field, and have not attained a prior degree. The awards would be calculated to provide funding for the remaining cost of tuition, fees, books and supplies, after all other financial aid. Students would be eligible for the awards if they take at least six credits per semester (for a total of at least twelve per year) and can earn the award for up to ten semesters.

SUNY and CUNY would be required to make efforts to ensure the maximization of credit for prior learning for these students and submit a report on an annual basis regarding program utilization and success. This new higher education assistance would ensure that many New York adults (including the nearly 2 million New Yorkers with some college, but no degree) have the opportunity to earn an affordable college education in a high-demand occupation, expanding economic opportunity and upward mobility, and meeting New York's critical workforce needs.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget. It is a vital component of the Governor's commitment to affordable higher education and workforce development. It also has the potential to increase enrollment at New York's community colleges.

Effective Date:

This bill would take effect immediately.

Part G – Combat Home Appraisal Discrimination

Purpose:

This bill strengthens laws to protect New Yorkers against discriminatory home appraisal practices.

Summary of Provisions and Statement in Support:

This bill would amend the Human Rights Law contained in Article 15 of the Executive Law to define the term "real estate appraisal" and make discrimination based on protected classes unlawful when conducting real estate appraisals or making real estate appraisal services available. The bill also would grant the Department of State (DOS) the authority to impose fines of up to \$2,000 on licensed or certified appraisers as a disciplinary measure for actions and omissions including but not limited to violating the Human Rights Law's anti-discrimination provisions. Half of all fines received from DOS pursuant to these disciplinary actions would go to the anti-discrimination in housing fund established in the state finance law. Finally, the bill would expand the allowable uses of the anti-discrimination in housing funds from fair housing testing to include programs assisting with fair housing compliance more generally, including but not limited to efforts to address appraisal discrimination.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it will ensure all New Yorkers have an equal opportunity for homeownership by protecting against discriminatory home appraisal practices.

Effective Date:

This bill would take effect immediately.

Part H – Ban Collusion Through the Use of Algorithm-Enabled Rent Price Fixing

Purpose:

This bill would make collusion through the use of algorithmic devices to facilitate price coordination between residential rental property owners or managers unlawful.

Summary of Provisions and Statement in Support:

This bill would amend the monopoly provisions of the General Business Law to make it unlawful to either facilitate or enter into an agreement between residential rental property owners or managers to not compete, including not competing by adjusting

rents or occupancy levels based on recommendations from algorithmic devices that analyze data from multiple owners or managers.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it will protect against unfair rent price fixing practices that manipulate competition in the rental housing market, which impacts the affordability of housing.

Effective Date:

This bill would take effect 60 days after it becomes law.

Part I – Grant Rent-Regulated Tenants the Same Security Deposit Protections as Other Tenants

Purpose:

This bill would grant rent-regulated tenants the same protections for their security deposits as all other tenants.

Summary of Provisions and Statement in Support:

Rent-regulated tenants were erroneously not provided the same protections that were granted to market-rate tenants in 2019 when the Housing Stability and Tenant Protection Act amended only the non-rent stabilized security deposit provisions within article 7 of the General Obligations Law. This bill would rectify this oversight by amending section 7-107 of the General Obligations law, which applies only to rent-regulated security deposits, to extend such protections to rent-regulated tenants. The bill would allow rent-regulated tenants to request pre-move in and pre-termination inspections with the landlord and would prevent rent-regulated landlords from retaining amounts for issues noted prior to the tenant's occupancy or cured prior to move out. The bill would require all rent regulated landlords to provide an itemized statement detailing repairs or cleaning that are proposed to be the basis for any security deposit deductions. The bill makes clear that rent-regulated landlords would have the burden of proof in any litigation regarding the amount of security deposit retained. A buyer who purchases a rent-regulated property would be obligated to return the security deposit if they have actual knowledge of such deposit, with the bill providing procedures for a rent-regulated tenant to provide documentary evidence where the buyer has no record of the deposit. The bill would void any rent-regulated tenant's agreement to waive their rights.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it will ensure that rent-regulated tenants, who were erroneously left out from receiving protections, are afforded the same protections that were granted to market-rate tenants in 2019.

Effective Date:

This bill would take effect 30 days after becoming law and apply to any rent-regulated lease entered into or renewed on or after such date.

Part J – Equip Communities to Acquire Abandoned Properties

Purpose:

This bill would combat blight in communities by strengthening municipalities' authority to acquire abandoned properties.

Summary of Provisions and Statement in Support:

Section 1971 of the Real Property Actions and Proceedings Law currently permits a city, town, or village to make a finding that a vacant dwelling is abandoned if the property is not sealed or continuously guarded and if the property has either a year of unpaid taxes or is subject to a vacate order or other governmental prohibition on occupancy.

The bill would amend section 1971 to clarify that not sealed or continuously guarded means that admittance to the property may be gained without damaging any portion of the property. It would also add as a third basis for finding that a not guarded or sealed property is vacant that the property has had an outstanding zoning, building, or property maintenance code violation, that has the potential to injure, endanger, or unreasonably annoy the health and safety of others, for at least one year after notice was served upon the owner pursuant to the Civil Practice Law and Rules.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it would help municipalities to acquire abandoned dwellings that impact the health and safety of communities.

Effective Date:

The bill would take effect immediately.

Part K – Create Affordable Homebuyer Tax Exemption

Purpose:

This bill would create an affordable homebuyer property tax exemption that localities can adopt to incentivize the creation of affordable homes built with assistance from governmental entities, nonprofits, land banks, or community land trusts for low- and moderate-income homebuyers.

Summary of Provisions and Statement in Support:

This bill would amend the Real Property Tax Law to add a new section 457-a, which would allow any county, city, town, or village to adopt a local law, or a school district other than a school district subject to article fifty-two of the Education Law to adopt a resolution, that would provide a real property tax exemption of between 25 and 50 percent of the assessed value of a real property that is subject to restrictive covenant or declaration, legal requirement, regulatory agreement or other contractual obligation with a governmental entity, nonprofit housing organization, or land bank, and sold or leased to a qualified low-income household.

Qualified low-income households would be required to use the property as a primary residence and have a household income of up to 80 percent of the Area Median Income at the time of initial occupancy. Eligibility of the low-income household requirements would be certified by the nonprofit housing organization, community land trust, land bank, or appropriate governmental entity. The tax exemption would be discontinued if the property is no longer used primarily for residential purposes, no longer used as a primary residence, or is transferred to another person or entity other than to any heirs or distributees of the owner that meet the qualified low-income household requirements at the time of the transfer.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it would lower the cost and increase the supply of homes that are intended to be sold to low-income households.

Effective Date:

This bill would take effect 60 days after it becomes law.

Part L – Reduce Shelter Rent Taxes for Mitchell-Lama Residents

Purpose:

This bill would reduce Mitchell-Lama shelter rent taxes by at least half in New York City and allow for the same by local opt-in in the rest of the state.

Summary of Provisions and Statement in Support:

Currently, the Private Housing Finance Law allows municipalities to offer a tax abatement for Mitchell-Lama developments, reducing their share of local property taxes to ten percent of the annual shelter rent or carrying charges of the project. This bill would amend the law to reduce such taxes to no more than five percent of the annual shelter rent or carrying charges of the project for Mitchell-Lama developments located in New York City and allow for the same reduction at local option for Mitchell-Lama development located in the rest of the state.

This bill would provide relief to Mitchell-Lama properties that are facing rising operational costs, which threaten to impact building quality and financial health.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it will help ensure that Mitchell-Lama properties are able to protect the quality and financial health of this critical supply of affordable housing.

Effective Date:

This bill would take effect immediately.

Part M – Expand Availability of Redevelopment Inhibited Property Exemption

Purpose:

This bill would authorize cities, towns, and villages statewide to opt-in to the redevelopment inhibited property exemption in section 485-r of the Real Property Tax Law to incentivize the redevelopment of vacant, abandoned, or blighted one- to four-family homes.

Summary of Provisions and Statement in Support:

Section 485-r of the Real Property Tax Law currently authorizes only a city with a population between 15,000 and 15,500 to, by local law, exempt redevelopment inhibited property from taxation on its increased value due to demolition, alteration, rehabilitation, or remediation for up to 25 years. Under the law, a property qualifies as a redevelopment inhibited property if it has been acquired by the city via legal processes related to tax foreclosure or abandonment; has been continuously vacant for at least three years; or has significant zoning, housing, or uniform code violations greater than the property's value. The current law requires a redevelopment inhibited property to be an owner-occupied single-family residence during the exemption period.

This bill would authorize any city, town, or village in the state to adopt a tax exemption pursuant to section 485-r. It also would amend the law to allow one- to four-unit buildings to be eligible for the exemption, and allow for the eligible units to be owner- or

tenant-occupied as a primary residence for the duration of the approved exemption period. The proposed amendments will expand the applicability of the optional tax exemption across New York State, equipping more localities with this tool to incentivize the redevelopment of blighted properties into homes.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it would expand availability of a tax incentive to provide for the development of vacant properties into housing.

Effective Date:

This bill would take effect 30 days after it becomes law.

Part N – Authorize Mortgage Insurance Fund Utilization

Purpose:

This bill would allow for the utilization of \$98.03 million from the Mortgage Insurance Fund's (MIF) excess reserves to support vital community development and housing programs.

Summary of Provisions and Statement in Support:

The MIF, a fund of the State of New York Mortgage Agency (SONYMA), was created in 1978 to insure mortgage loans for projects that would not otherwise be able to obtain mortgage insurance, thereby encouraging the commercial and public investment of mortgage capital and increasing the supply of affordable housing in New York State.

The SONYMA statute requires that excess revenues from the MIF, after accounting for expenses and the required reserves, be returned to the State following SONYMA Board approval. The MIF has been previously used to support new housing development and to support certain housing related programs. Similar to what is being proposed in FY 2026, the FY 2025 Budget used excess revenues from the MIF for housing programs and community-based housing corporations involved in housing and related community development work.

The MIF is currently projected to have \$98.03 million of excess reserves that can be accessed without negatively impacting the MIF's credit rating. As set forth in sections 1 through 4 of the bill, these funds would be used to support the following programs:

- Neighborhood and Rural Preservation Programs (\$18.19 million), which support community-based housing corporations across the State that provide various housing related services for low- and moderate-income populations;

- The Rural Rental Assistance Program (\$23.46 million), which supports rental subsidies for low-income and elderly and family tenants residing in federally funded multifamily projects in rural areas of the State; and
- Homeless housing programs (\$56.38 million), including the Solutions to End Homelessness Program, the New York State Supportive Housing Program, and the Operational Support for AIDS Housing Program.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it authorizes funding for the aforementioned programs.

Effective Date:

This bill would take effect immediately.

Part O – Permanently Extend Committee on Special Education Financing Structure

Purpose:

This bill enacts into law provisions to make permanent the current structure of financing Committee on Special Education (CSE) residential placements outside of New York City.

Summary of Provisions and Statement in Support:

This bill amends section 3 of Part N of Chapter 56 of the Laws of 2020 to remove the April 1, 2025 sunset and make these provisions permanent.

Part N of Chapter 56 of 2020 eliminated the 18.424 percent State share for residential placements made by a school district CSE outside of New York City and increased the school district's share by an equal amount, from 38.424 percent to 56.848 percent. This Chapter also shifted the 50 percent State share for certain placements to the NYS School for the Blind or the NYS School for the Deaf to the school district. These changes better aligned fiscal responsibilities with the entity that makes the placement decisions and provided parity with New York City's funding structure for CSE placements.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it achieves Financial Plan savings associated with extending the current funding structure for CSE placements outside of New York City.

Effective Date:

This bill would take effect April 1, 2025.

Part P – Establish a Child Care Substitute Pool

Purpose:

This bill would authorize a business to open a child care support center that would allow the business to place substitute caregivers at licensed and registered child day care programs. The bill provides for the certification of child care support centers and also authorizes such centers to conduct background checks. The creation of a system to provide substitute caregivers will prevent closures of child care programs when there are staffing shortages.

Summary of Provisions and Statement in Support:

This bill would add a new section 390-n to the Social Services Law to define and set forth various requirements for child care support centers to be certified.

Additionally, section 390-b of the Social Services Law would be amended to authorize the child care support centers to request required background clearances for prospective substitute caregivers.

Child care support centers would be required to verify that substitute caregivers meet the background clearance and training requirements applicable to child care providers prior to placing them in a child day care program.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because \$3 million is included in the Budget in support of this initiative.

Effective Date:

This bill would take effect one year after being signed into law, with immediate authorization for the Office of Children and Family Services to adopt rules and regulations.

Part Q – Establish the Birth Allowance for Beginning Year (BABY) Benefit

Purpose:

This bill would improve maternal and infant health for the State's most vulnerable households. The bill would authorize the Office of Temporary and Disability Assistance

(OTDA) to provide a benefit for New Yorkers who receive Public Assistance (PA) throughout pregnancy and for an additional \$1,200 benefit payment at birth.

Summary of Provisions and Statement in Support:

Currently, section 131-a of Social Services Law authorizes OTDA, by regulation, to provide for PA monthly grants and allowances to include benefit payments to pregnant women only beginning in the fourth month of the pregnancy. This bill would expand OTDA's authorization to allow for a benefit payment to any pregnant person.

Additionally, the bill authorizes a one-time benefit for PA recipients upon the birth of a new child, as prescribed by OTDA regulations.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive budget because authorizing PA benefits during pregnancy and at birth supports PA-recipient families during the early childhood development period as well as benefiting children's physical, mental, emotional, and social outcomes over their lifetime.

Effective Date:

This bill shall take effect 180 days after being signed into law.

Part R – Authorize the Pass-Through of any Federal Supplemental Security Income Cost of Living Adjustment

Purpose:

This bill would authorize Federal Supplemental Security Income (SSI) benefits to be increased in 2025 to account for the SSI Cost of Living Adjustment (COLA) and allow those benefits to be further increased in 2026 if federal benefits are increased in the first half of the calendar year. It would also update the Personal Needs Allowance (PNA) for SSI recipients to congregate care and allow for those to be adjusted in 2026 based on any federal SSI COLA in the first half of the calendar year.

Summary of Provisions and Statement in Support:

Social Services Law (SSL) establishes amounts for the monthly SSI standard of need (the maximum combined federal and state benefit) for all SSI recipients in various living arrangements. The SSL also establishes specific amounts for the PNA for SSI recipients in congregate care. The bill would increase the standard of need for all SSI recipients based on their living arrangements to reflect the federal SSI COLA. The bill further would provide for the SSI standards of need to be increased in 2026 if the federal SSI benefit is increased in the first half of that calendar year. This bill also would set forth the 2025 PNA amounts for SSI recipients in congregate care, which varies depending on the type of congregate care setting, and to allow those amounts to be

automatically increased in 2026 by the percentage of any federal SSI COLA that becomes effective within the first half of the calendar year 2026.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because without it, there would be no statutory authority to provide eligible recipients with the federal SSI COLA.

Effective Date:

This bill would take effect December 31, 2025.

Part S – Extend Temporary Operator Authorization for Emergency Shelters

Purpose:

This bill would extend the authority of the Office of Temporary and Disability Assistance (OTDA) and the Office of Children and Family Services (OCFS) to appoint a temporary operator for emergency shelters.

Summary of Provisions and Statement in Support:

The Social Services Law grants OTDA and OCFS the authority to appoint a temporary operator whenever the commissioner or commissioner's designee has determined an emergency shelter has failed to comply with the requirements of State or local laws or regulations applicable to the operation of such emergency shelter, has failed to cure such violations, and as a result has seriously endangered or jeopardized shelter residents. This authority expires on March 31, 2025.

This bill would extend such authority through March 31, 2028.

Budget Implications:

This bill would ensure the State has the authority to take the necessary action, appointment of a temporary operator, to address concerns regarding the health and safety of emergency shelters supported with State funding.

Effective Date:

This bill would take effect immediately.

Part T – Amend the Healthy Terminals Act

Purpose:

This bill would amend the Healthy Terminals Act to ensure fair wages for covered airport workers.

Summary of Provisions and Statement in Support:

This bill would make any person employed to perform work at JFK International Airport and LaGuardia Airport, or any location used to perform related preparation or delivery of food for consumption on airplanes departing from those locations, for at least 30 hours in a given work week, subject to the applicable wage and benefit rate. The bill would redefine the wage and benefit rate under the law to be designated by the Commissioner of the Department of Labor (DOL) based on determinations made by the General Services Administration pursuant to the federal McNamara-O'Hara Service Contract Act. Persons employed in executive, administrative or professional capacities, as well as those employed by the Port Authority of New York and New Jersey or any other governmental agency, would not be subject to the applicable rates. Applicable wages could not be less than the minimum wage rate established through a regulation of the Port Authority of New York and New Jersey, an amount of supplemental wages or healthcare contributions equal to the rate for health and welfare for all occupations, or the paid leave equal to the paid leave requirements designated by the Commissioner of DOL.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget to ensure fair wages are provided for covered airport workers.

Effective Date:

The bill would take effect 180 days after enactment.

Part U – Limit Liquidated Damages in Certain Frequency of Pay Violations

Purpose:

This bill would amend the Labor Law to limit plaintiffs' recovery of liquidated damages for violations of the frequency of payment provisions in the Labor Law where employees were paid regularly on at least a semi-monthly basis.

Summary of Provisions and Statement in Support:

The frequency of pay provision in Section 191 of the Labor Law requires manual workers to be paid weekly, with some exceptions. Section 198 of the Labor Law allows for 100 percent of liquidated damages for certain wage claims and has a six-year statute of limitations.

In 2019, the Appellate Division, First Department ruled in Vega v. CM & Associates Construction Management, LLC that manual workers who received full pay, at least semi-monthly, but were paid late in violation of the weekly frequency of payment provision of the Labor Law, have a private right of action and can recover liquidated damages for untimely payment of wages. This has resulted in certain workers being awarded liquidated damages for up to six years of their wages for untimely payment if they are determined to be manual workers, even if they were paid in full and on a semi-monthly schedule. Lawsuits bringing these claims and seeking liquidated damages are increasing in frequency resulting in large payouts for workers and plaintiffs' attorneys, causing some employers serious financial harm.

This bill would clarify the damages manual workers may recover if they were not paid weekly pursuant to the relevant provisions of the Labor Law. It would make first-time violations subject to 100 percent of the lost interest due for delayed payment, second-time violations subject to 300 percent of the lost interest due for delayed payment, and allow for liquidated damages equal to 100 percent of the total amount of wages due for a third or subsequent violation for employees within the same manual work classification.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it will avoid unnecessary financial harm to employers and business in situations where they have been paying employees the correct amount on a regular and timely, bi-weekly schedule.

Effective Date:

This bill would take effect 60 days after enactment.

Part V – Expand DOL Enforcement Power for Wage Theft

Purpose:

This bill would expand the Department of Labor's (DOL) enforcement powers by making it easier to collect lost wages.

Summary of Provisions and Statement in Support:

This bill would grant DOL additional enforcement powers to collect lost wages when an employer has violated wage payment provisions. This bill would authorize the seizure of assets to satisfy employer debt owed to employees.

When enforcing wage payment laws, this bill would allow DOL to issue a warrant to the respective county sheriff, commanding it to levy and sell the real and personal property. Upon receipt of the warrant, the sheriff would be required to file with the county clerk

within five days and pay any collected funds to DOL within 60 days. These are the same enforcement powers DOL is authorized to use for collection of unpaid contributions owed to the Unemployment Insurance Trust Fund.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it will provide DOL necessary enforcement authority to collect stolen wages owed to New York's workforce.

Effective Date:

This bill would take effect immediately.

Part W – Rationalize Child Labor Penalties

Purpose:

This bill would amend the Labor Law and Penal Law to align penalties with the severity of the violation of child labor law requirements and protections.

Summary of Provisions and Statement in Support:

This bill would amend the Labor Law to update the penalties for the violations of legal requirements pertaining to the employment of minors. Specifically, it would amend the civil penalties that may be assessed against violators by increasing the maximum for first violations from \$1,000 to \$10,000, changing those for second violations from a maximum of \$2,000 to a minimum of \$2,000 and maximum of \$30,000, and changing those for third violations from a maximum of \$3,000 to a minimum of \$10,000 and maximum \$75,000. It would also require penalties for violations involving illegal employment during which a minor is seriously injured or dies to be at least \$3,000 but no more than \$30,000 for first violations, at least \$6,000 but no more than \$90,000 for second violations, and at least \$30,000 but no more than \$225,000 for third violations.

The Department of Labor would be authorized to reduce the civil penalty for a violation if the violation does not risk the safety or health of the minor or involves an employed minor under the legally permitted age if the employer agreed to take certain action to prevent future violations. The bill would also increase the severity of the charge for knowingly violating the law from a misdemeanor to a felony punishable by a fine of up to \$1,000 or imprisonment for up to a year for first-time violators and by a fine up to \$10,000 or imprisonment for up to two years for second-time violators.

The bill would amend the Penal Law to add two new sections to establish criminally negligent homicide of a child worker and endangering the welfare of a child worker. Employers who act with criminal negligence to cause the death of a child in the course of employment would be charged with a class D felony. Additionally, if a child under the

age of 18 is knowingly employed by a person in violation of the law and suffers physical injury, serious physical injury, or death in the course of that employment, the bill can require the person to be charged with a class E felony.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it will encourage and support safe work environments for youth workers.

Effective Date:

This bill would take effect immediately.

Part X – Digitize Youth Working Papers

Purpose:

This bill would amend the Labor Law and Education Law to modernize the process by which minors apply for employment certificates or working papers.

Summary of Provisions and Statement in Support:

This bill would repeal sections 135, 137 and 139 of the Labor Law and add a new section 135 to require the Department of Labor (DOL), in consultation with the State Education Department, to create and maintain a database for the employment of minors under the age of 18. This bill would also amend section 3215-a of the Education Law to require any employment certificate or permit issued to minors by compulsory education institutions be done so electronically within the new database.

Under this bill, employers seeking to hire minors, and minors seeking to be employed, would have to register within the database by providing certain identifying information and/or other information as deemed appropriate by DOL. This bill would also require that employment certificates and permits for minors be issued electronically and stored within the database by employers. Any information within the database pertaining to any minor would remain confidential. Finally, the Commissioner of DOL would be permitted to prescribe necessary regulations to carry out the requirements of the bill.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it would modernize the process by which minors apply for and receive employment certificates and reduce burdens on businesses.

Effective Date:

This bill would take effect two years after it becomes law.

Part Y – Expand Eligibility for Gold Star Annuity

Purpose:

This bill would expand the eligibility of the Gold Star Annuity from parents of veterans who died in combat to immediate family members of any service member who dies while on active duty.

Summary of Provisions and Statement in Support:

This bill amends the Veterans' Services Law, article 1, section 26, by including spouses and minor children as eligible applicants for the Gold Star Annuity program, as well as including the immediate family members of those who served during peacetime.

The emotional loss and financial implications for spouses and minor children of servicemembers who died while on active duty are just as strong as for parents of servicemembers who are killed in action. Expanding eligibility to those who died while on active duty will broaden the reach of the statute to equally deserving veterans and their families to better serve the original intent of the program.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget and will result in a \$350,000 recurring cost to the State.

Effective Date:

This act shall take effect immediately.

Part Z – Reform the Human Rights Complaint Process

Purpose:

This bill will clarify existing statutory language by granting the Division of Human Rights (DHR) the authority to designate the form and procedure for a complaint to be filed with the Division, and repeal the limitation on administrative convenience dismissals only in housing discrimination cases. In addition, it establishes and authorizes DHR to manage the Discrimination Complaints Escrow Fund.

Summary of Provisions and Statement in Support:

The bill would amend Executive Law to allow DHR to designate a required form and procedures for making, signing, and filing a discrimination complaint. It also allows DHR to render administrative complaint dismissals in non-responsive housing discrimination cases.

The bill also establishes a Discrimination Complaints Escrow Fund under DHR. The fund will receive conciliation, settlement, or other monetary damages for the sole purpose of compensating complainants of discrimination cases.

Current law is silent on DHR's authority to specify the form and manner of filing a discrimination complaint to ensure it sufficiently meets all legal and agency standards. This bill would explicitly empower DHR to designate the form and manner for individuals to correctly file their complaints. By so doing, DHR will be able to better ensure its complaint intake procedures are best designed to support complete filings that meet necessary standards for timely and thorough investigation and resolution, enhancing agency operations. Additionally, creation of a dedicated escrow fund for collection of monetary damage payments will eliminate administrative delays which impact the timeliness of payment to complainants.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget because it will allow DHR to ensure New Yorkers have an efficient way to submit complaints of discrimination and receive compensation they are owed.

Effective Date:

Sections one and two of this bill will take effect immediately. Sections three and four will take effect thirty days after enactment.

Part AA – State Museum Operations Report

Purpose:

This bill would require the Commissioner of Education to submit a report to the Governor, the Speaker of the Assembly, and the Temporary President of the Senate providing current and historical information regarding the activities, funding, and initiatives of the New York State Museum.

Summary of Provisions and Statement in Support:

The FY 2026 Executive Budget proposes an unprecedented financial investment to remake the State Museum into a cultural institution befitting of New York State and its capital city.

In order to best manage the State's investment in the State Museum, the Governor and the Legislature must have all of the relevant information to make informed decisions regarding the Museum's future.

This bill would require that, no later than September 1, 2025, the Commissioner of Education provide the Governor and the Legislature with information relevant to the Museum's historical and current state and necessary to drive its recovery.

The bill would require annual supplemental reports of this information to ensure that the Governor and the Legislature continue to have updated information regarding the State Museum's operation.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2026 Executive Budget, which includes \$135 million of new capital funding to renovate the State Museum and upgrade its exhibits to be more inviting to visitors.

Effective Date:

This bill shall take effect immediately.

The provisions of this act shall take effect immediately, provided, however, that the applicable effective date of each part of this act shall be as specifically set forth in the last section of such part.